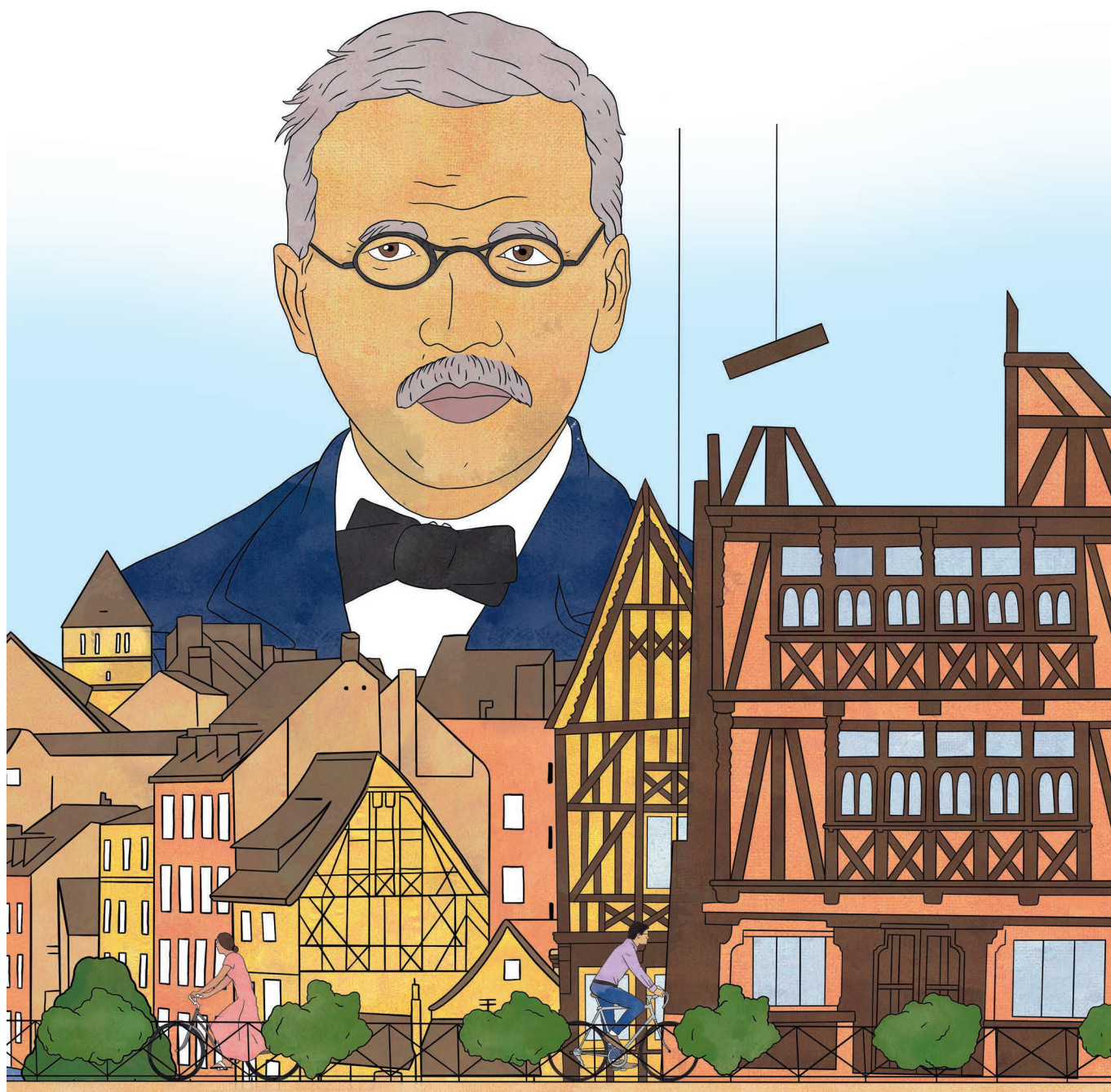


HISTORY OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE



**MUTUALISM,
BORN FROM THE ENERGY
OF A VISIONARY**
PAGE 2

**THE FIRST BANKS
IN ALSACE, AND THEN
IN LORRAINE**
PAGE 5

**CREATION AND DEVELOPMENT
OF FÉDÉRATION CENTRE
EST EUROPE**
PAGE 6

**MORE THAN SEVEN DECADES
OF EXPANSION AND DIVERSIFICATION
SINCE THE WAR**
PAGE 7

MUTUALISM, BORN FROM THE ENERGY OF A VISIONARY

In the 19th century, the industrial and agricultural revolution gave new impetus to the cooperative movement. Mutualism emerged from a seething backdrop of intellectual, economic and social upheaval. Offering an original response to a need for investment and financial solidarity, this movement thrived naturally in the fields of banking, insurance and social protection.

Mutual banking began life in the Rhineland as the brainchild of Friedrich Wilhelm Raiffeisen. A farmer's son, born in Hamm on March 30, 1818, Raiffeisen initially embarked on a military career but had to abandon it due to problems with his eyesight. After joining the local administration, he became mayor of Weyerbusch in 1845. A man of profound Christian beliefs, he set himself the goal of helping his constituents, mainly farmers. With no access to a financing system that would enable them to improve their farming equipment or cope with disasters such as the 1846-47 farming crisis caused by appalling weather conditions, these farmers often turned to moneylenders, which more often than not merely increased their misery.

On December 1, 1849, with the backing of 60 people, Raiffeisen founded an aid society for the support of impoverished farmers in Flammersfeld (where he was mayor from 1848 to 1852). The goal of this society was

to enable farmers to buy livestock on affordable terms. It also granted direct cash loans. In 1852, Raiffeisen was transferred to Heddesdorf, a larger town where he set up a new aid society in February 1854.

However, Raiffeisen wanted to go further. While these benevolent societies helped combat rural poverty by charging lower interest rates, they did not create any real community of interest between lenders and borrowers. In this respect, they did not fully match Raiffeisen's vision of strengthening the cohesion of local communities and giving everyone the opportunity to participate.

JULY 24, 1864

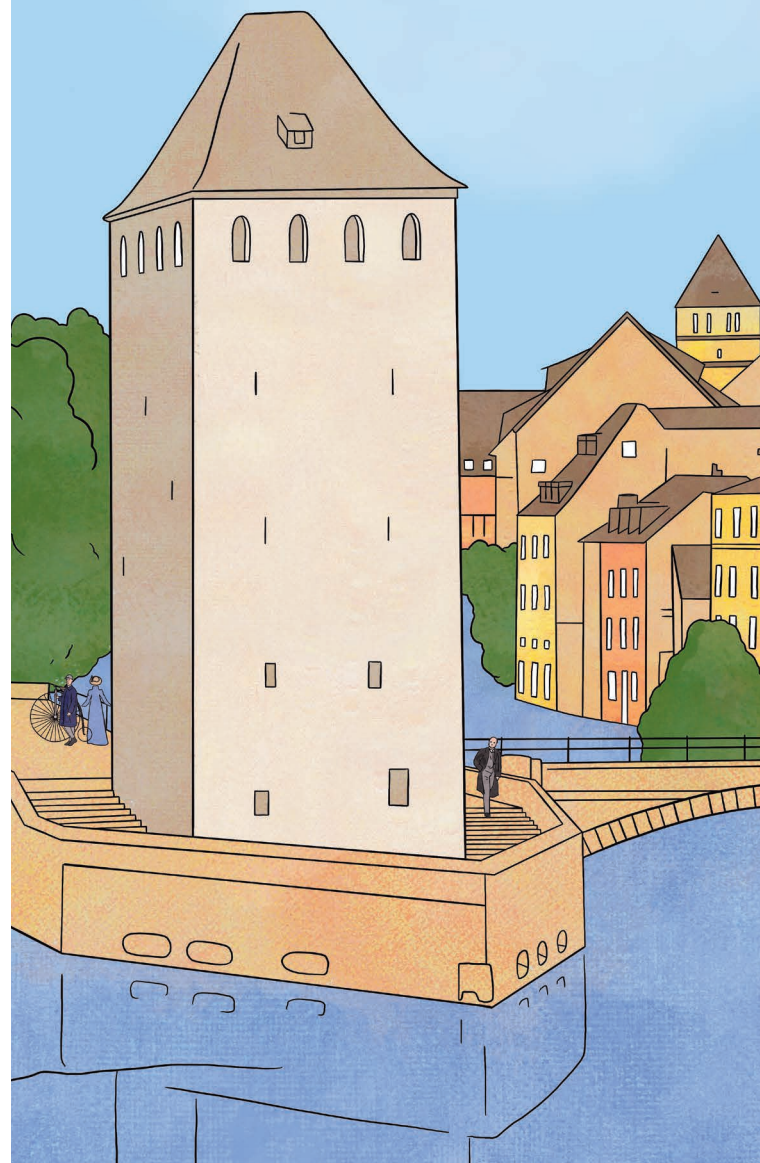
**CREATION OF THE FIRST REAL
CREDIT UNION AT THE INITIATIVE OF
FRÉDÉRIC-GUILLAUME RAIFFEISEN.**

MUTUAL BANKING BEGAN LIFE IN THE RHINELAND AS THE BRAINCHILD OF FRIEDRICH WILHELM RAIFFEISEN.

Therefore, on July 24, 1864, he founded his first real cooperative bank, the Heddesdorf Loan Society. This was rapidly followed by the creation of other banks. These banks were founded on the principle of shared responsibility and a strict equality of power between members. Every member, whether a lender or borrower, a well-to-do property owner or a poor farmer, had one vote and could be elected as a director of the bank. All members were therefore entirely equal in their status and level of responsibility. The basic principles were thus laid down, particularly those of lending solely to members, remaining within a small geographic area, establishing inalienable reserves, paying no dividends, and having directors who received no payment for their functions. As Jean-Marie Sains points out in his biography of Raiffeisen, "1864 marked an important step in the history of the Raiffeisen system. It marks the shift from benevolent society to a quasi-cooperative."

Faced with this rural misery, Raiffeisen did not look for theoretical responses; above all he took practical realities into account. Firmly convinced of the worth of mutual aid and cooperation, he understood that what a person cannot achieve alone, can be achieved by several people as long as they adhere to the precept of "All for one, one for all". This is the theme explored by André Gueslin in his book about the origins of *Crédit Mutuel*: "Raiffeisen's style of mutual cooperation means above all adapting to the social and economic realities...It is above all a philosophy of mutual action, a way of viewing the problems. ...Pragmatism is very present in its way of working. ...More strongly than the doctrine, insofar as there really is one, it is the determination to always offer the best services that guides the future."

The success of this innovative approach triggered the development of the *Crédit Mutuel* local banks. Raiffeisen began to travel to encourage the creation of new cooperative banks. By 1871, 75 such banks had been set up in Germany and Austria, almost exclusively in rural areas.





MUTUAL DEPOSIT AND LOAN FUND

THE FIRST BANKS IN ALSACE, AND THEN IN LORRAINE

Germany's annexation of the Alsace-Lorraine region weakened the rural population. At the time, Alsace was a farming region dominated by small landowners whose situation had deteriorated due to several factors: poor harvests, no access to the French market, lack of cash. Given their short terms and the difficulty of providing collateral, the traditional bank loans of the time did not respond to farmers' needs and they were often forced to resort to moneylenders.

The sub-prefect of Strasbourg-Campagne was therefore looking for other solutions. He was acquainted with Raiffeisen and encouraged the introduction of his system in the Alsace-Lorraine region. A meeting, where Raiffeisen was represented by his colleague Martin Fassbender, was held in Brumath in February 1882. The development of the Raiffeisen movement to the West of the Rhine can be traced back to this moment.

The first Crédit Mutuel bank, which still exists, was set up on February 27, 1882 by 16 residents of La Wantzenau, a small town near Strasbourg. The movement then spread very swiftly: from 17 such banks in Alsace at the end of

1882, the number had grown to 127 just ten years later. In 1893, Crédit Mutuel banks also began to be founded in neighboring Lorraine.

The Raiffeisen movement spread throughout the two regions, with the Church playing an important role, which explains why some banks bear the name of their local parish, such as Caisse Saint-Jean in Strasbourg, Caisse Sainte-Marie and Caisse Saint-Joseph in Mulhouse, etc. At the start of the 20th century, the Raiffeisen movement had 395 banks and more than 40,000 members in Alsace and Lorraine.

FEBRUARY 27, 1882

**THE FIRST CRÉDIT MUTUEL BANK
WAS SET UP IN LA WANTZENAU.**

CREATION AND DEVELOPMENT OF FÉDÉRATION CENTRE EST EUROPE

A need to federate emerged rapidly. On July 14, 1885, Raiffeisen went to Strasbourg to meet a gathering of 122 members representing the 24 banks in the Basse-Alsace region and the five banks of the Haute-Alsace region. The Haute-Alsace and Basse-Alsace federations were created following this meeting. The Moselle federation was established in 1896.

The first joint meeting of the three federations took place in Metz on December 6, 1900.

Above all, an independent federation of the Alsace and Lorraine cooperative banks (Fédération indépendante des associations coopératives d'Alsace et de Lorraine) was created in Colmar on May 25, 1905.

On March 27, 1919, a central body for the Alsace and Lorraine rural banks (Caisse centrale de la Fédération des caisses rurales d'Alsace et de Lorraine) was created. As well as its central clearing functions, this institution was assigned the task of defending the rural banks' financial interests. In December 1919, it changed its name to "Banque Fédérative".

The final stage of unification took place in 1921. On April 7, in Strasbourg, the Fédération indépendante des associations coopératives d'Alsace et de Lorraine and the "Revision" federation (a controlling federation created by the German imperial government in

1903) decided to unite as the "Fédération agricole d'Alsace et de Lorraine" which included all the Crédit Mutuel banks in Alsace and Lorraine. A century later, this federation is the same legal entity as the present Fédération du Crédit Mutuel Centre Est Europe.

Two years after the end of World War I, Fédération agricole d'Alsace et de Lorraine was faced with several major challenges. First of all, it had to successfully merge two entities that had been separate up to then. Moreover, the restitution of Alsace and Lorraine to France raised a number of legal and monetary challenges. Having been founded in the late 19th century in regions annexed by Prussia, the local banks had to adapt the Crédit Mutuel structure to French law, which at the time did not contain any provision for cooperative entities. Also, the German monetary instruments held by the members and local banks, which ceased to be legal tender from the end of 1918, had to be exchanged for French cash.

These challenges were rapidly dealt with, enabling the future Fédération du Crédit Mutuel Centre Est Europe to embark on a second phase of its expansion. In the inter-war period, the movement founded by Raiffeisen demonstrated its ability to adapt. Crédit Mutuel took advantage of the economic prosperity of the 1920s to strengthen its presence.

MORE THAN SEVEN DECADES OF EXPANSION AND DIVERSIFICATION SINCE THE WAR

After World War II, the French government gradually introduced specific regulations that made it easier for the Crédit Mutuel local banks to operate. Under the Law of September 10, 1947, they were given cooperative status.

Above all, the Order of October 16, 1958 established a definitive framework for the Crédit Mutuel organization. This Order defines the status of the local banks along with that of the Confederation to which the regional federations have belonged since 1959. As noted by André Gueslin, the 1958 Order is of fundamental importance as France, unlike Germany, had not previously had any legal status for mutual banks."

The post-war boom period from the 1950s to the 1970s provided favorable conditions that enabled Crédit Mutuel to grow at a sustained rate. As well as strong economic growth, the period also saw a mass movement toward the use of banking services. The switch in 1968 to monthly wage payments drove the move to open current accounts, helped by the direct payment of wages into bank accounts and the mandatory use of checks for payments of more than a certain amount. Crédit Mutuel "adapted to the new needs generated by economic growth and urbanization", notes André Gueslin. This period also saw a real estate boom which resulted in strong growth in home loans.

The end of the 1960s saw a shift in Crédit Mutuel's customer base. It began to expand beyond the farming sector, in line with the social changes then underway. In Alsace, for example, the weight of the primary sector in the working population dropped from 22% in 1954 to 5% in 1980. By the end of 1979, salaried workers accounted for 77% of loans granted.





Crédit Mutuel developed in particular in the areas of housing loans and personal loans. "To meet housing needs in both rural and city areas, Crédit Mutuel became the bank for households and individuals, abandoning its former focus as a bank for farmers. This change, however, did not mean a rupture," says André Gueslin. New bank products appeared in the market, particularly home savings plans, Codevi sustainable development accounts and PEA equity savings plans. The Livret Bleu savings account, unique to Crédit Mutuel, was introduced by the Supplementary Budget Act of December 27, 1975.

In addition to traditional financial products, Crédit Mutuel has constantly pursued a very active strategy of diversification and innovation. It became a pioneer in "bankinsurance" when it created Assurances du Crédit Mutuel in 1970/71. The creation in 1986 of the home surveillance and protection subsidiary EPS marked another major step in this diversification, as did the partnership agreement to launch a mobile telephone business entered into with NRJ Group in 2005. The Wacken site (Crédit Mutuel Alliance Fédérale's present head office) was inaugurated in 1970 and the following year the Bischenberg training center was set up 30 kilometers from Strasbourg.

In parallel, Crédit Mutuel has built its reputation as an innovative bank, particularly thanks to its dynamic approach in the area of new technology. The processing center set up in Strasbourg in May 1962, Centre Mécanographique du Crédit Mutuel (CMCM), handles a constantly growing volume of account transactions; right from the year of its inception it was equipped with an IBM 1401 magnetic tape computer that allowed transactions to be input on perforated or graphite cards.

The 1970s were years of dramatic change, in terms of both equipment and interbank relations. In 1977 Crédit Mutuel joined the SWIFT* system. In the mid-1970s, the gradual building of a proprietary information system led to new services such as Cybermut, a secure payments system.

1993

**IN 1993, THE CRÉDIT MUTUEL
CENTRE EST EUROPE AND SUD-EST
FEDERATIONS SET UP A JOINT
FEDERAL BANK (CAISSE FÉDÉRALE).**

*Society for Worldwide Interbank Financial Telecommunications

**CRÉDIT MUTUEL ALLIANCE
FÉDÉRALE COMPRISES THE CRÉDIT
MUTUEL LOCAL BANKS FROM THE
FOLLOWING FEDERATIONS:**

CENTRE EST EUROPE (STRASBOURG),
SUD-EST (LYON), ÎLE-DE-FRANCE (PARIS),
SAVOIE-MONT BLANC (ANNECY),
MIDI-ATLANTIQUE (TOULOUSE),
LOIRE-ATLANTIQUE AND CENTRE
OUEST (NANTES), CENTRE (ORLÉANS),
NORMANDIE (CAEN),
DAUPHINÉ-VIVARAIS (VALENCE),
MÉDITERRANÉEN (MARSEILLE),
ANJOU (ANGERS),
MASSIF CENTRAL (CLERMONT-FERRAND)
AND ANTILLES-GUYANE (FORT-DE-FRANCE).

All these breakthroughs led to the establishment of Euro-Information on March 1, 1978. There is a constant flow of development projects: loan chains, eliminating circulation of paper checks, real-time accounting on customer accounts, etc.

The 1980s were marked by the emergence of electronic payments, a field in which Crédit Mutuel played a leading role, winning several very large contracts for supermarket chains, highway tolls, etc.

The future Fédération Crédit Mutuel Centre Est Europe gradually expanded its scope. In 1972, it was enlarged to include Franche-Comté and renamed Fédération du Crédit Mutuel Alsace-Lorraine-Franche-Comté. In 1992, it adopted its current name with the merger of the Alsace-Lorraine-Franche-Comté and Centre-Est (Bourgogne-Champagne) federations on April 23, 1992 and May 22 in Strasbourg.

Partnerships with other federations began the following year, ultimately giving rise 25 years later to Crédit Mutuel Alliance Fédérale.

In 1993, the Crédit Mutuel Centre Est Europe and Sud-Est federations set up a joint federal bank (Caisse Fédérale). BFCM became a holding company, taking the form of a French public limited company that holds and expands all the federation's shareholdings.

The Caisse Fédérale was subsequently joined by the Ile-de-France federation (2002) and then by the Savoie-Mont Blanc (2006) and Midi-Atlantique (2009) federations. In 2011, the Loire-Atlantique et Centre-Ouest, Centre, Normandie, Dauphiné-Vivarais and Méditerranéen federations also joined to form the so-called CM10 group, which became CM11 with the arrival of the Anjou federation in 2012. In 2018, the CM11 name was dropped and replaced by "Crédit Mutuel Alliance Fédérale", the name that now denotes the group formed by the 11 Crédit Mutuel federations, BFCM and its subsidiaries.

The group expanded again in 2020 when it was joined by the Antilles-Guyane and Massif-Central federations.

It has also expanded through some particularly significant acquisitions.

In 1998, BFCM bought 67% of the capital of CIC, going on to acquire the remaining 23% stake still held by Groupama in 2001. CIC's shares were delisted in August 2017. CIC is one of France's oldest commercial banks, having been founded on May 7, 1859 as Société Générale de Crédit Industriel et Commercial by an imperial decree of Napoleon III.

In June 2008, BFCM acquired a 100% stake in the French subsidiary of Grupo Banco Popular Español, which was renamed CIC Iberbanco in 2009 and merged with CIC in 2020, and in December 2008 it also purchased the whole of Citibank Germany (now Targobank Germany).

On November 18, 2008 BFCM signed an agreement to take a controlling majority stake in Cofidis Participations, a subsidiary of 3 Suisses International (3SI). BFCM raised its stake in Cofidis Group (as it is now called) to 80% in 2020. In 2016, an agreement was signed with General Electric France and Germany, enabling Crédit Mutuel Alliance Fédérale to become one of the leaders in the factoring and leasing markets in both these countries.

CONCLUSION

In 2020, by taking "**Listening and acting together**" as its corporate purpose and becoming the first bank to adopt "benefit corporation" status, Crédit Mutuel Alliance Fédérale forcefully reaffirmed the more modern and meaningful values that make it an outstanding responsible bank. Nearly 160 years after Friedrich Wilhelm Raiffeisen founded the first Crédit Mutuel cooperative bank, showing the measure of his pioneering spirit, this new phase is the next chapter in a long and beautiful story. Its strategic plan, *ensemble#nouveau monde plus vite, plus loin ! (together#today's world, faster, further)*, is a natural part of this new chapter.

BIBLIOGRAPHICAL REFERENCES

Raiffeisen, le pionnier du mutualisme - Jean-Marie SAYS - éditions Coprur - 2012

Le Crédit Mutuel : De la caisse rurale à la banque sociale - André GUESLIN - éditions Coprur - 1982

Mulhouse Saint-Joseph : au service de la Cité 1896-1996 - Jean BECK - éditions Coprur - 1996



Caisse Fédérale de Crédit Mutuel and affiliated funds, cooperative company in the form of a public limited company with capital of € 5458531008, 4 rue Frédéric-Guillaume Raiffeisen, 67913 Strasbourg Cedex 9, RCS Strasbourg B 588 505 354
ORIAS N° : 07 003 758, Bank governed by Articles L.511-1 et seq. Of the Monetary and Financial Code. Director of publication: Nicolas Pécourt - Design: Vacadigm - July 2021